

AGENDA SUMMARY PAGE

AUDIT OVERSIGHT COMMITTEE MEETING OF: APRIL 19, 2007

DEPARTMENT: CITY AUDITOR'S OFFICE

DIRECTOR: RADFORD SNELDING

☐ Consent ☒ Discussion

SUBJECT:

Report and possible action on Durango Hills Golf Course Management Contract - Sales Tax Collection and Remittance

Fiscal Impact

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No Impact

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Augmentation Required

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Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

Update Committee on City Attorney status of sales tax collection and remittance.

RECOMMENDATION:

No City Auditor Recommendation.

BACKUP DOCUMENTATION:

None

Motion made by LARRY BROWN to Approve the report on Durango Hills Golf Course Management Contract - Sales Tax Collection and Remittance and refer the matter to City Attorney's Office to make a determination as to propriety of next move

Passed For: 4; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 1

JOSE TRONCOSO, LARRY BROWN, MICHAEL W. KERN, PAUL WORKMAN; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-STEVE WOLFSON)

Minutes:

Mr. Snelding reminded the Committee that the subject item was being addressed by the City Attorney's office at the time of the last meeting. The Attorney's office was asked at that time to come back with a status report during this meeting. Deputy City Attorney Teri Ponticello was present with that report.

Ms. Ponticello apologized for Mr. Redlein's absence. He was attending the International Municipal Lawyers Association in Washington DC.

Ms. Ponticello explained that, as requested at the last audit meeting, Mr. Redlein had come up with two options available to the City to facilitate getting the \$100,000 reimbursed from IRI. IRI

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did make a request to the State but the State will not make the reimbursement payment. The first option, the City can sue IRI for the overpayment or second, he needs to research the city suing the state. A suit of that nature could be complicated because the City did not actually make the overpayment but would be a primary beneficiary of the contract with IRI.

Mr. Redlein would like to be able to complete more research because of the amount of money involved and the costs of recovery.

Chairman Kern stated the issue has been addressed by council and it should be left to them to decide the course of action. He felt it was not the responsibility of the Audit Department to determine action but to identify issues and alert council of the situation(s). Now that the issues have been identified, he thought the item should be closed and turn it over to the appropriate department, which in this case would be Council, and let them decide if it should be forwarded to the City Attorney's office.

Mr. Snelding explained the original concern was to have the City Attorney find out the legal status on the recommendation. Attorney could then recommend that Audit notify the City Manager's Office or Council, whichever one was felt to be more appropriate.

Chairman Kern did not feel that the committee was in a position to assess risk benefits relating to legal proceedings. That responsibility is best left with the City Attorney's office. The Committee is responsible for drawing attention to the fact that the City is being unfortunately burdened for loss of sales tax or notify that the contract may not have been written properly etc. And now, that has been done.